

Message Text

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PAGE 01 KUWAIT 01129 111148Z

53

ACTION EB-07

INFO OCT-01 AF-06 ARA-06 EUR-12 EA-06 NEA-09 ISO-00 SP-02

AID-05 NSC-05 CIEP-01 TRSE-00 SS-15 STR-01 OMB-01

CEA-01 L-02 H-02 PA-01 PRS-01 USIA-06 FEA-01 ERDA-05

CIAE-00 COME-00 DODE-00 FPC-01 INR-07 INT-05 NSAE-00

PM-03 SAM-01 OES-03 FRB-03 XMB-02 IO-10 /131 W

----- 121317

R 111103Z MAR 75

FM AMEMBASSY KUWAIT

TO SECSTATE WASHDC 2473

INFO AMEMBASSY ABU DHABI

AMEMBASSY ALGIERS

AMEMBASSY BEIRUT

AMEMBASSY BONN

AMEMBASSY CARACAS

AMEMBASSY DOHA

AMEMBASSY JAKARTA

AMEMBASSY JIDDA

AMEMBASSY LAGOS

AMEMBASSY LIBREVILLE

AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBASSY QUITO

AMEMBASSY TEHRAN

AMEMBASSY TRIPOLI

AMEMBASSY VIENNA

USINT BAGHDAD

USMISSION OECD PARIS

USMISSION EC BRUSSELS

AMEMBASSY TOKYO

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E.O. 11652: N/A

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PAGE 02 KUWAIT 01129 111148Z

TAGS: ENRG KU

SUBJECT: ANOTHER WARNING ON DOLLAR DEVALUATION

BEGIN UNCLASSIFIED

1. MINISTER OF OIL KAZEMI UPON RETURNING FROM ALGIERS OPEC SUMMIT HAS REITERATED GOK CONCERN ON DROP IN DOLLAR VALUE. SPEAKING TO LOCAL REPORTERS KAZEMI SAID OIL PRODUCING COUNTRIES WILL HAVE TO DO SOMETHING ABOUT CONTINUALLY DETERIORATING DOLLAR. THEY CANNOT REMAIN SILENT IN FACE RAPIDLY DEPRECIATING PURCHASING POWER OF OIL INCOME, HE SAID. KAZEMI ADDED THAT OPEC MINISTERIAL MEETING WOULD BE HELD SOON TO DISCUSS PROBLEM. REPORT BY OPEC TECHNICAL COMMITTEE WILL BE REVIEWED THEN. OPEC WILL MAKE A DECISION (HE PROBABLY MEANS RECOMMENDATION) ON WHETHER MEMBER STATES SHOULD CONTINUE TO ACCEPT PAYMENT IN DOLLARS.

2. KAZEMI ALSO MENTIONED IN PRESS CONFERENCE THAT GOK HAS REJECTED JAPANESE PROPOSAL THAT CRUDE PRICE BE REDUCED TO \$6 PER BARREL. HE SAID OPEC COUNTRIES AND NOT RPT NOT CONSUMING COUNTRIES MUST DETERMINE OIL PRICES. WE BELIEVE PRESENT PRICES ARE JUST, HE SAID. HE NOTED THAT SALES AGREEMENT WITH EXXON REACHED AND THAT PRICE WAS \$10.36 PER BARREL.

END UNCLASSIFIED

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3. COMMENT: KAZEMI'S REMARKS TO PRESS INDICATE THAT GOK REMAINS DISTURBED AT CONTINUING SLIDE OF DOLLAR ON FOREIGN EXCHANGE MARKETS. IT NOT CLEAR, HOWEVER, EXACTLY WHAT GOK INTENDS TO DO ABOUT PROBLEM. PRESUMABLY, KUWAITIS WILL WAIT UNTIL MATTER HAS BEEN THOROUGHLY AIRED IN OPEC. KAZEMI'S REMARKS ON PRICES REPRESENT STANDARD GOK LINE, BUT WE DO NOT RPT NOT THINK THEY SHOULD BE INTERPRETED AS INDICATING GOK UNWILLING DISCUSS PRICE IN CONSUMER/PRODUCER MEETING. ON OTHER HAND IT IS TRUE THAT GOK FEELS STRONGLY ABOUT DECIDING ITSELF WHAT PROPER PRICE AND PRODUCTION LEVELS FOR KUWAITI CRUDE SHOULD BE.

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